

Message Text

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TAGS BDIS UR

SUBJ LASALLE MACHINE TOOL DISPUTE WITH STANKOIMPORT

1. LA SALLE REPS DISCUSSED WITH COMMERCE POTENTIAL TRADE COMPLAINT AGAINST STANKOIMPORT. COMPLAINT INVOLVES TIMING OF PAYMENT OF \$10.4 MILLION FOR LASALLE SUPPLIED EQUIPMENT FOR 92 MILLIMETER PISTON LINE AT KOSTROMA. STANKOIMPORT CONTRACT NUMBER IS 64/44002-422.

2. COMPANY SIGNED CONTRACT JUNE 29, 1972 CALLING FOR DELIVERY OF EQUIPMENT BY JAN 74. CO HAD OPTION, SUBJECT TO APPROVAL BY STANKOIMPORT

OF EARLIER DELIVERY. PAYMENT TERMS TO BE WITHIN 15 DAYS OF PRESENTATION

OF SHIPPING DOCUMENTS. ACCORDING TO LA SALLE THEY INITIALLY RAISED QUESTION OF EARLIER DELIVERY DATE WITH KOSTROMA DIR, NASKOV AND STANKOIMPORT'S BONDARENKO IN NOV 16, 72 MEETING. ORAL RESPONSE OF BOTH OFFICIALS DESCRIBED AS POSITIVE. ACTING ON THIS, CO IRREVERSIBLY PROGRAMED PRODUCTION AND FINANCING SCHEDULES FOR DELIVERY

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IN SEPT AND OCT 1973. IN FEB 5, 1973 MOSCOW MEETING BONDARENKO INFOEMED LA SALLE FOR FIRST TIME THAT DESPITE EARLIER SHIPMENT, PAYMENT WOULD NOT BE MADE BY THE SOVS UNTIL LATE 73 OR JAN 74. LA SALLE POSITION IS THAT PAYMENT SHOULD BE MADE WITHIN 15 DAYS RECEIPT OF SHIPPING DOCUMENTS AS PROVIDED FOR IN CONTRACT. NUMEROUS COMMUNICATIONS HAVE SINCE OCCURED BETWEEN CO, BONDARENKO, AND STANKOIMPORT DEPUTY CHAIRMAN IGNATYEV. LATEST STANKOIMPORT TELEX DTD JULY 19 REPORTEDLY FIRMLY STATES THAT WHILE EARLIER SHIPMENT APPROVED BY SOVS, PAYMENT WILL NOT BE MADE UNTIL JAN 74.

3. CO TEAM LED BY EXEC VP GOOD, OR VP SALES HOPPER PLANNING TO ARRIVE MOSCOW LATE AUG 7 TO PURSUE MATTER FURTHER. CO PLANS CALL ON EMB AUG 8 FOR BRIEFING ON THEIR SITUATION, FOLLOWED BY MEETINGS WITH STANKOIMPORT'S IGNATYEV, AND OTHER SOV OFFICIALS. EMB IS REQUESTED TO

CONTACT IGNATYEV'S OFFICE TO ADVISE STANKOIMPORT OF LA SALLE VISIT AND REASONS FOR IT, AND LEND APPROPRIATE ASSISTANCE IN AMICABLY RESOLVING DISPUTE.

4. BEGIN FYI. CO STANDS TO INCUR ADDITIONAL FINANCING CHARGES APPROXIMATING \$200 THOUSAND ON APPROXIMATE ANNUAL TURNOVER OF \$40 MILLION IF SOV PAYMENT DELAYED TO JAN 74. NO DECISION HAS BEEN MADE WHETHER OR NOT TO INVOKE STOCKHOLM ARBITRATION CLAUSE, PENDING OUTCOME OF STANKOIMPORT MEETINGS. ALSO AT STAKE ARE ADDITIONAL CONTRACTS IN EXCESS OF \$10 MILLION THAT LA SALLE IS CONSIDERING WITH THE SOVS. CONGRESSIONAL INTEREST LIKELY. END FYI

DECON 8/3/74. ROGERS

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